

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
:
LEHMAN BROTHERS HOLDINGS INC., et al., : **08-13555 (JMP)**
:
Debtors. : **(Jointly Administered)**
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**ORDER AUTHORIZING LEHMAN BROTHERS SPECIAL FINANCING INC. TO (I)
CAUSE 1271 LLC TO ISSUE CLASSES OF INTERESTS, (II) SELL INTERESTS IN
1271 LLC AND (III) MAKE A CAPITAL CONTRIBUTION TO 1271 LLC**

Upon the motion, dated April 27, 2011 (the “Motion”), of Lehman Brothers Special Financing Inc. (“LBSF”) and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors-in-possession (collectively, the “Debtors”), pursuant to sections 105(a) and 363 of title 11 to the United States Code (the “Bankruptcy Code”) and Rule 6004(h) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the supplement to the Motion, dated May 9, 2011 (the “Supplement”), for authorization and approval to (i) take and to cause 1271 LLC (“1271”) to take all actions that may be necessary or appropriate to issue classes of interests or securities in 1271 representing an interest in 1271 corresponding to a reference obligation governed by the Swap Agreement¹ (collectively, the “Classes”), including to amend the constitutive documents and capital structure of 1271 or change 1271’s organizational form, (ii) sell free and clear and/or to cause 1271 to sell or issue the Classes (or portions thereof) or debt obligations or take any other action to monetize the Municipal Portfolio without further Court approval subject to the consent of the Official Committee of Unsecured Creditors (the “Creditors’ Committee”), (iii) make a capital contribution of \$2.5 million to 1271 (the “Capital”

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion or the Supplement, as applicable.

Contribution") to pay the Minimum Service Fee or the minimum Percentage Fees that are not paid from aggregate sales proceeds, and (iv) pay or indemnify, cause 1271 to pay or indemnify or make a capital contribution to 1271 to enable it to pay or indemnify certain fees and expenses in connection with any statutory trust or similar vehicle that may be established to execute or otherwise facilitate the transactions described in clauses (i) through (iii), including, without limitation, the Pre-Closing Costs and the Necessary Expenses and Extraordinary Expenses of a trustee, servicer or similar entity (collectively, the "Transactions"), all as more fully described in the Motion and the Supplement; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided in accordance with the procedures set forth in the amended order entered June 17, 2010 governing case management and administrative procedures [Docket No. 9635] to (i) the United States Trustee for the Southern District of New York; (ii) the attorneys for the Creditors' Committee; (iii) the Securities and Exchange Commission; (iv) the Internal Revenue Service; (v) the United States Attorney for the Southern District of New York; (vi) all parties who have requested notice in these chapter 11 cases; (vii) MS, (viii) BH, and (ix) Berkshire Hathaway Inc., and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal

and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion, as supplemented, is granted; and it is further

ORDERED that LBSF is authorized to take and to cause 1271 to take all actions that may be necessary or appropriate to issue the Classes, including to amend the constitutive documents and capital structure of 1271 or change 1271's organizational form; and it is further

ORDERED that LBSF is authorized to sell and/or to cause 1271 to sell or issue the Classes (or portions thereof) and/or debt obligations and/or take any other action to monetize the Municipal Portfolio without further Court approval subject to the consent of the Creditors' Committee in each case; and it is further

ORDERED that purchasers of LBSF's interests in 1271 shall take title to the Classes free and clear of all liens, claims, encumbrances and other interests of any kind or nature whatsoever; and it is further

ORDERED that LBSF is authorized to make the Capital Contribution to 1271 to pay the Minimum Service Fee or the minimum Percentage Fees that are not paid from aggregate sales proceeds; and it is further

ORDERED that LBSF is authorized to pay or indemnify, to cause 1271 to pay or to indemnify or to make a capital contribution to 1271 to enable it to pay or indemnify certain fees and expenses in connection with any statutory trust or similar vehicle that may be established to execute or otherwise facilitate the transactions described above and in the Motion, including, without limitation, the Pre-Closing Costs and the Necessary Expenses and Extraordinary Expenses of a trustee, servicer or similar entity; and it is further

ORDERED that LBSF is authorized to execute and deliver and to cause 1271 to execute and deliver all instruments and documents, and to take such other actions, as may be necessary or appropriate to effectuate the Transactions; and it is further

ORDERED that the stay provided by Bankruptcy Rule 6004(h) is waived and this Order shall be effective immediately upon its entry; and it is further

ORDERED that notice of the Motion as provided herein shall be deemed good and sufficient notice of the Motion; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: New York, New York
May 18, 2011

/s/ James M. Peck
HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE